

The major trends in Western Europe at present, which are due to continue during the next two years, are the development and organization of its military defenses, inside and outside NATO, and the integration of ~~the Western European economies of Western Europe~~ Continental Western Europe. ~~Both~~ These trends ~~respond correspond to~~ are in accord with the two major US objectives in the area. ~~Both trends~~ The continuance of both these trends threatens to contain further Soviet ~~expansion~~ penetration and expansion into Western Europe. The ~~effect on~~ effect on the position of the US versus the USSR ~~is determined rather~~ ~~problematic and indeterminate~~ depends ~~on an exceedingly complex~~ ~~the other Western European countries~~ mainly on how ~~the~~ Western Europeans will come to interpret US policies. ~~and on the~~ *including rearmament* If the belief grows in Western Europe that US policies are founded *2* on the assumption of an underlying community of interest, the US position versus the USSR will become stronger. If the belief grows, instead, that US policies are founded on mere expediency---the desire to set up a ~~buffer zone~~ defensive buffer zone or even an offensive forward base against the USSR---the US position versus the USSR will become correspondingly weaker, *in spite of rearmament* ~~slightly more~~ On balance, it seems likely ~~that the~~ probable ~~factor~~ (taking into account US policies) that the former belief will gain some ground over the latter, over ~~Europe~~ Western Europe as a whole. The continuing major threat to the US in the area from

(in Europe or elsewhere)

the Soviet Union is some form of military aggression, resulting in  
situations ~~and~~ <sup>and confirm</sup> and US actions tending to spread the belief that  
<sup>having allies</sup>  
the US interest in ~~Europe~~ is (and can only be) fundamentally military.

NAT Military Strength

The total armed strength of the European NAT

members (including the UK) by mid-1943 will be determined mainly by the

by the US  
priorities assigned during the next few months to meeting their prospective

~~material~~ <sup>for materials, machinery, and end-items</sup> requirements, in relation to the priorities given to the expansion

of US capacity and the equipment (and re-equipment) of US forces. In any

event the military strength contributed to NAT by its European members

will be a good deal less---and a good deal less well balanced---than the

estimated optimum assumed for purposes of US aid programming. On the

assumption that US plant expansion continues and US armed forces are

equipped as presently projected, the actual military strength of the

European NAT members in mid-1953---in terms of balanced forces fully

trained and equipped (with appropriate operating reserves and replacements)---

might amount to as little as half the strength required to meet MDP

schedules. Even on that assumption, however, the scale of their total

expenditures for defense might not fall far short of the scale of

expenditure to which they have committed themselves, and they might also

have come close to meeting their commitments in numbers of troops trained

and under arms. There appears to be a good prospect that, barring major

changes in the world military situation, NAT plans for the defense of Europe

will ~~be~~ <sup>By mid-1953</sup> be established on a basis considered acceptable by the responsible

political leaders and realistic by the responsible military leaders of the

principal NAT countries.

Economic Burdens The European NAT countries will continually be readjusting their defense activities---particularly those relating to munitions production---to minimize the strictly economic effects of rearmament, according to their several national policies. Their economies will nevertheless remain highly unstable, under the influence of world market conditions and various internal pressures beyond the control of their governments, individually and collectively. US economic policies will decisively affect the European economies. The immediate effects, under presently established policies, will be generally inflationary, but not to an unbearable extent. European officials, business men, and bankers will remain concerned over the possible <sup>later</sup> emergence of deflationary tendencies, and by the end of the period this may well have become their main concern. The inherent instability and rigidity of the European economies will continue to be the real limitation on the development of European defense.

Political Stability The "center" elements in all the European parliaments and cabinets will continue to be divided among themselves on important issues of internal policy. In case the world situation does not become <sup>still</sup> ~~more precarious~~ more precarious as a result of Soviet and US moves and countermoves, however, the collective strength of the "center" elements may have begun to increase by the end of 1952, lessening the bargaining power in internal affairs of the various elements supporting the governments in foreign policy.

The present leadership of the major center parties throughout Europe is generally skilful and responsible enough to take advantage of such a tendency. The possible replacements of some of these leaders by younger men less tried and experienced, less widely known and respected, adds considerable uncertainty to the political future, particularly in France and Italy, where the existence of strong Communist parties will tend to weaken the "center" elements at the expense of nationalistic, authoritarian rightist movements. The least predictable of the Western European countries is Western Germany. The government of an independent Western Germany, with its nationalist traditions and its renewed strength, will find very onerous the limitations inherent in its international position. The crucial political problem in all the Western European countries is the strength of the trades union leadership ready to support the

aims of NAT and the ability and willingness of the political leaders behind NATO to manage internal policies in such a way as to win and hold trades unions support. With skill and luck, the present ~~government~~ pro-NAT leaders should be able to hold their own on the promise that Europe will be "over the hump" by 1953 and entering an era of stability, justice, and prosperity.

slowly to improve ~~representatively~~ with the rise of a new generation, ~~dissociated from the~~

which ~~considers that it had little~~ feels dissociated from events

is capable of responding strongly before and during World War II, and ~~responds~~ to the purposefulness

injected into postwar Europe by the United States. ~~This group~~

generation, which is the main axis of the economic

~~It was not to exert influence and enlist~~ To influence and enlist this

generation is ~~making~~ a major ~~task~~ ~~problem~~ of ~~an~~ US, as it is of

9/16/53 is to combine Soviet, policy. The ~~present~~ most urgent task ~~to change the military~~  
~~introduce into the training of the new armies of~~ ~~the~~ ~~Central~~  
~~training~~ ~~to~~ ~~that~~ efficiency and respect for the individual

European  
in the training of the new ~~armies~~ ~~continental~~ armies, ~~and the~~

while continuing and expanding the ~~body of doctrine~~ influence of

the ideas associated with the doctrine of "productivity]" The greater

part of the older ~~gener~~<sup>by no means</sup> generation, though ~~not~~ immune to ~~the~~<sup>Soviet</sup>

<sup>new</sup> influence, will continue to be governed by ~~new~~ old loyalties and

earlier hopes and disappointments, and will remain fearful, and

sceptical, and on the whole passive. The influence of this generation

will still ~~dominate~~ be predominant in the ~~Parliaments, newspapers,~~ <sup>periodics, journals, and</sup>

~~and education in the structure of Western Europe.~~ all the organized

activities of Western Europe in ~~business, journalism, politics~~ <sup>newspapers</sup>

Schools,  
~~education, trade unions, labor and business organizations, and~~

Approved For Release 2000/08/29 : CIA-RDP78S01011A000500020046-3

unions.

NAT

European Unity and Cohesion As the ~~NATO~~ forces become larger, better equipped, and

better trained, the ~~NATO~~ NAT organization will become ~~stronger~~ more effective,

which is the real measure of Western strength, will though this qualitative improvement, will lag ~~considerably~~ behind the quantitative

improvement in the defense of Western Europe. By mid-1953 the naval and air

elements in NATO should be very ~~well~~ well organized. The NAT ground forces will

be ~~by no means equal to the well equipped and well trained~~ at too many different

stages of readiness, ~~both~~ in numbers, ~~and~~ in training, and in equipment, and the

discrepancy between plans and actuality will ~~be~~ still ~~be~~ too great, to permit

~~of effective~~ their being well organized. It seems very probable that ~~there will~~

will be taken

~~be~~ significant steps toward ~~increasing European integration~~ integrating the ~~continental~~

activities of Western Europe---through the ~~European Army~~ Schumann Plan, ~~the~~ the European

Army, the OEEC, ~~and~~ the EPU, and even (perhaps) the Council of Europe. Present

European leadership is clearly anxious to avoid trouble over the many questions

before them that are capable of arousing national antagonisms at home and abroad.

of this kind,

~~There~~ Their only chance of avoiding serious ~~trouble~~ trouble ~~of considerable dimensions~~

~~issues, is~~ however, is by ~~funding these issues~~ asserting the positive idea of

European integration so as ~~to avoid~~ not to have to handle them bilaterally, ~~with~~

calling on the good offices of the US. Whether ~~they will take~~ the European

further

governments will take aggressive action to carry out the idea of European integration.

is ~~entirely problematical~~ very largely dependent on the personal courage of a

few leaders. The odds are somewhat in favor of their making the effort. If they

can agree to make the effort, the odds are strongly in favor of their ~~success~~

success in ~~diplomacy~~ avoiding serious ~~international~~ international trouble, and the widespread fears of American domination by the US.



Significance of the Broadening of the NAT Coalition. Western

Germany, Greece, and Turkey will <sup>very probably</sup> ~~all~~ become full-fledged members of NATO during the period. Spain and Yugoslavia will <sup>very probably</sup> not ~~become~~ be accepted as members or associates, ~~unless there are~~ except in the improbable event that ~~they~~ their governments undergo radical transformations. The accession of Germany ~~to NATO~~ will enormously strengthen the potential strength of NAT, but will not add greatly to NAT strength in being in 1953. The one major ~~possible~~ risk involved in admitting Germany, Greece, and Turkey to NATO is that of a strongly adverse Soviet reactions.

What might be the effect of Soviet pressures on the developing NAT fabric?

*Answer*  
The probable impact of a Soviet attempt at a broad relaxation of tensions would be a slowing and scaling down of European (and ~~perhaps~~ ~~of~~ probably of US) rearmament. This would be a good thing for Europe, for for US-European relations, and the US, ~~and~~ for NATO, ~~because it is rather improbable~~ (and hence, rather improbable). Other Soviet cold-war moves are not likely to have any significant effect, except within the Soviet bloc and the Western European Communist parties. The main danger to Western Europe, to NATO, and to US relations with Europe, is the possibility of ~~military~~ ~~work~~ some kind of military action by Satellite forces, regular or irregular, at ~~some~~ <sup>Western</sup> one or more points along the frontier ~~between~~ of the Soviet bloc. The powerful desire of the European NAT members <sup>not directly</sup> affected to localize any ~~work~~ counteraction, and the fear of US pressure to ~~extend the scope~~ broaden its scope, would create major problems, calling for a very high degree of courage and self-control, ~~and liberty~~

The US Role The growth of European strength will depend to a decisive extent on US aid (as already indicated), ~~but will not~~ ~~require or even permit US unilateral and bilateral initiative~~ ~~on a unilateral or bilateral basis~~. The European governments will continue to acknowledge, and stress, the enormous impact that US action will have on Europe, and will seek US collaboration and support, both on a bilateral and a multilateral basis. But the development of European strength will less and less require or permit US ~~initia~~ <sup>the</sup> to take the initiative in determining European ~~policy~~ policies, and this fact should have become very plain by ~~the~~ mid-1953.